

Lion Athletics Association

Financial Report

Year Ended June 30, 2018

Table Of Contents

	Page
Report of Certified Public Accountants	1
Financial Statements	
Statement Of Financial Position	3
Statement Of Activities And Changes In Net Assets	4
Statement Of Cash Flows	5
Notes To Financial Statements	6

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Lion Athletics Association
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lion Athletics Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lion Athletics Association as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Lion Athletics Association's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2017. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2017, is consistent, in material respects, with the audited financial statements from which it has been derived.

Fidelidade & Co. LLP

December 19, 2018

New Orleans, Louisiana

Lion Athletics Association
Statement Of Financial Position
June 30, 2018
(With Comparative Totals for 2017)

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 246,126	\$ 287,737
Accounts receivable	142,359	104,373
Promises to give	100,000	100,000
Prepaid expenses	-	1,369
Total current assets	<u>488,485</u>	<u>493,479</u>
Property, Plant And Equipment		
Facility improvements	1,324,814	1,298,263
Machinery and equipment	263,665	261,576
Office furniture and equipment	15,537	15,537
	<u>1,604,016</u>	<u>1,575,376</u>
Less accumulated depreciation	<u>663,363</u>	<u>522,285</u>
	<u>940,653</u>	<u>1,053,091</u>
Other Assets		
Unconditional promises to give - long term	-	100,000
	<u>\$ 1,429,138</u>	<u>\$ 1,646,570</u>
<u>Liabilities And Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 90,535	\$ 302,584
Due to concessions	2,000	800
Deferred income	41,565	15,155
Current maturities of long-term debt	70,180	71,790
Total current liabilities	<u>204,280</u>	<u>390,329</u>
Long-term liabilities		
Long-term debt, net of current maturities	<u>415,933</u>	484,713
	<u>415,933</u>	<u>484,713</u>
Net Assets		
Unrestricted	360,484	432,444
Temporarily restricted	448,441	339,084
	<u>808,925</u>	<u>771,528</u>
	<u>\$ 1,429,138</u>	<u>\$ 1,646,570</u>

The Notes To Financial Statements are an integral part of these statements.

Lion Athletics Association
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
Revenue And Other Support				
Donations	\$ 106,840	\$ 90,958	\$ 197,798	\$ 625,403
Sponsors	1,097,576	6,300	1,103,876	888,399
Ticket Fees	116,340	-	116,340	-
In-kind donations	89,817	110,494	200,311	200,396
Memberships	-	86,783	86,783	90,648
Special events/tournaments	12,000	4,550	16,550	51,735
Concession sales				
Net of cost of goods sold	-	91,377	91,377	137,250
Other revenue	38,949	220,068	259,017	132,142
Total revenue and other support	<u>1,461,522</u>	<u>610,530</u>	<u>2,072,052</u>	<u>2,125,973</u>
 Net Assets Released From Restrictions				
Satisfaction of program restriction	<u>501,173</u>	<u>(501,173)</u>	<u>-</u>	<u>-</u>
 Expenses				
Program Services	812,383	-	812,383	683,956
Support Services				
Management and general	824,398	-	824,398	723,674
Transfers to the University	333,536	-	333,536	221,000
Fundraising	64,338	-	64,338	12,993
	<u>2,034,655</u>	<u>-</u>	<u>2,034,655</u>	<u>1,641,623</u>
 Changes in net assets	(71,960)	109,357	37,397	484,350
 Net Assets - Beginning Of Year	<u>432,444</u>	<u>339,084</u>	<u>771,528</u>	<u>287,178</u>
 Net Assets - End Of Year	<u>\$ 360,484</u>	<u>\$ 448,441</u>	<u>\$ 808,925</u>	<u>\$ 771,528</u>

The Notes To Financial Statements are an intergral part of these statements.

Lion Athletics Association
Statement Of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals For 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 37,397	\$ 484,350
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	141,078	118,850
Donation of asset	-	1,500
Decrease (increase) in:		
Accounts receivable	(37,986)	(8,871)
Promises to give	100,000	(200,000)
Prepaid expenses	1,369	(1,369)
Increase (decrease) in:		
Accounts payable	(210,849)	(83,518)
Deferred revenue	26,410	(179,228)
	<u>57,419</u>	<u>131,714</u>
Support Services		
Purchase of property and equipment	<u>(28,640)</u>	<u>(430,365)</u>
	<u>(28,640)</u>	<u>(430,365)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	574,187
Payments on long-term debt	<u>(70,390)</u>	<u>(327,235)</u>
	<u>(70,390)</u>	<u>246,952</u>
Net Increase (Decrease) In Cash And Cash Equivalents	\$ (41,611)	\$ (51,699)
Cash and cash equivalents at beginning of year	<u>287,737</u>	<u>339,436</u>
Cash and cash equivalents at end of year	<u>\$ 246,126</u>	<u>\$ 287,737</u>
Supplementary disclosures of cash flow information		
cash paid during the year for interest	<u>\$ 25,605</u>	<u>\$ 16,081</u>

The Notes To Financial Statements are an integral part of these statements.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Lion Athletics Association (“the Association”) was incorporated on March 18, 1982, under the provisions of Louisiana Revised Statute 12:201 as a non-profit corporation. The Association was formed to promote and support, on all levels, the Southeastern Louisiana University Athletics Programs. These programs include baseball, basketball, softball, football, golf, tennis, track, soccer, volley ball, cheerleading, athletic training and weight training. The Association is supported primarily through contributions from corporate sponsors and private donors.

Basis of Accounting

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Association and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Association. There were no permanently restricted net assets as of June 30, 2018.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. During the year ended June 30, 2018, \$501,173 of prior temporarily restricted net assets were released from donor restrictions.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Association uses the allowance method to determine uncollectible receivables. The allowance is based on prior year experience and managements analysis of specific promises made. At June 30, 2018, there is no allowance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment utilized by the Association are generally not recorded on the financial statement of the Association, as these assets are owned by Southeastern Louisiana University. For those assets owned by the Association, purchased property and equipment greater than \$1,000 is carried at cost; while donated property and equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over an estimated life between five and twenty-five years.

Depreciation expense for the year ended June 30, 2018, was \$141,078.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Donated Services

A significant portion of the Association's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirement for recognition under FASB recommendations for not-for-profit entities.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Association is exempt from taxes on income other than unrelated business income. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Association had no unrelated business income during the year ended June 30, 2018, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Also, the Association's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, federal income tax returns have a three year statute of limitations.

Accounts Receivable

Accounts receivable represent amounts due the Association. They are stated at amounts management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded based on a combination of write-off history, ageing analysis and any specific known troubled account. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance account was \$0 at June 30, 2018. At June 30, 2018, accounts receivable consist of the following:

Sponsorships	\$ 33,574
Southeastern Louisiana University	77,138
Concessions	19,647
Foundation	<u>12,000</u>
	<u>\$142,359</u>

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 1. Summary Of Significant Accounting Policies (continued)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Association.

Deferred Income

Lion Athletics Association adopted FASB ASC 210, which notes that collections received in advance of the delivery of goods or performance of services are intended to be included in liabilities, known as deferred revenues, which consisted of sponsorships, memberships and a la carte items. Deferred income was \$41,565 at June 30, 2018.

Note 2. Donated Services And Supplies

In-kind donations of \$200,311 are for donated services and supplies that the Association would normally have had to purchase were recorded because the donations met the criteria of enhancing non-financial assets and the value of the services and materials provided were readily determinable.

Note 3. Unconditional Promises To Give Receivable

Pledge Receivables at June 30, 2018 are as follows:

Receivable in Less than One Year	\$ 100,000
Receivable in One to Five Years	<u>-0-</u>
Total Pledges Receivables	<u>\$ 100,000</u>

Note 4. Long-term Debt

The Association has a note payable, dated March 17, 2017, to pay for turf on the baseball field and for the baseball scoreboard. Monthly payments are \$7,999.58, including interest and principal. The interest rate on this note is subject to change from time to time based on changes in an independent index. The Index currently is 5.50% per annum. The loan has a maturity date of March 17, 2022 with a balloon payment of the entire unpaid balance of principal and interest due at that time. The loan balance at June 30, 2018, was \$486,113.

Interest expense paid and incurred was \$25,605 in 2018.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 4. Long-term Debt (continued)

The future maturities of these notes payable as of June 30, 2018, are as follows:

<u>Year Ending</u>	
2019	\$ 70,180
2020	74,990
2021	79,220
2022	<u>261,723</u>
	<u>\$ 486,113</u>

Lion Athletic Association is required to comply with various covenants as listed in loan agreement with First Guaranty Bank. As of June 30, 2018, the Association was in compliance with the covenants.

Note 5. Concentration Of Risk

Concentration of credit risk arising from cash deposits

The Association maintains its cash balances at banks that are insured by the Federal Deposit Insurance Corporation. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the balance in the bank exceeded the limit by approximately \$249,000.

Concentration of credit risk due to accounts receivable

Credit risk for accounts receivable can be concentrated if substantially all of the balances are receivable from entities located within the same geographic region. As of June 30, 2018, accounts receivable was \$142,359 and allowance for doubtful accounts was \$-0-. At June 30, 2018, approximately 54% or \$77,138 of the accounts receivables is due from Southeastern Louisiana University. At June 30, 2018, 100% of promises to give is from one individual.

Note 6. Related Party Transactions

The Association occupies an office provided by Southeastern Louisiana University. Since the value of the facilities used by the Association is not readily determinable, no related donation income or rent expense is recorded. In addition, and in accordance with Louisiana Revised Statutes 17:3390, the Association is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Association by the University.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 6. Related Party Transactions (continued)

Financial services for the Association are performed by Southeastern Louisiana University Development Foundation employees. The Association paid \$13,468 to the Foundation for the year ended June 30, 2018, for these services.

Note 7. Fundraising Expense Ratio

The following represents the entity's fund raising expense ratio for the year ended June 30, 2018:

Total support generated in the statement of activities	\$398,109
Fund raising expense	\$64,338
Fund raising expense ratio	16.16%

Note 8. Contingencies

The Association is occasionally involved in litigation and regulatory investigations arising in the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Association.

The Association is liable to some Athletic coaches in the event the coach is terminated. The amounts vary by contract. The ultimate outcome of these matters is uncertain. It is the opinion of management such matters will not have a material effect upon the financial position of the Association.

Note 9. Comparative Totals For 2017

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Note 10. Subsequent Events

In September 2018, the Association borrowed \$152,500 with a variable interest rate for softball field turf. The interest rate currently is 5.75% per annum. To be paid in 59 monthly installments of \$2,197 and a final balloon payment on September 14, 2023 of all unpaid principal and interest.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2018

Note 10. Subsequent Events (continued)

The current loan, dated March 17, 2017, interest rate changed from 5.5% to 5.75% on September 27, 2018.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2018.